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S E C R E T SECTION 01 OF 03 BAGHDAD 000166

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SUBJECT: MALIKI ON CABINET SHAKE-UP, RETURN OF TAWAFAQ, AND MAJOR LEGISLATIVE CHALLENGES

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Classified By: Ambassador Ryan C. Crocker for reasons 1.4 (b) and (d).

11. (S) SUMMARY: In a wide-ranging weekly security meeting on January 17, Prime Minister Maliki told Ambassador Crocker and General Petraeus that a Cabinet shake-up was very possible within a few weeks which would likely result in a technocratic government with fewer ministries. Maliki expressed hope that the Tawafaq party could be induced to return to the government at the same time. Maliki expressed optimism about passage of some form of a Provincial Powers Law, agreed to push the Accountability and Justice Law through the Executive Council, and remained doubtful about the moribund Hydrocarbon Law unless President Talibani pressed his Kurdish political allies. Concerning employment of Concerned Local Citizens (CLCs), the Ambassador stressed the need for the GOI to develop a comprehensive employment program. Maliki agreed and proposed using a joint USG-GOI \$300 million fund to seed the program. General Petraeus briefed progress in Baghdad security but noted that Jaysh al-Mahdi Special Group (JAM-SG) leaders were re-infiltrating Sadr City. Prime Minister Maliki proposed using Iraqi forces armed with USG and GOI intelligence to eliminate the problem. The meeting concluded with a short discussion about the Makmour Refugee Camp, where Maliki expressed frustration in diplomatic progress on the issue with Turkey. END SUMMARY.

Cabinet Shake-up and Reduction

12. (S) In his weekly security meeting with the Ambassador and General Petraeus, Prime Minister Maliki disclosed that a possible cabinet shake-up could occur soon, possibly within the next two weeks. He said he has already taken his proposal for a technocratic government--without any political party quotas--to the Executive Council. Maliki said he envisions a smaller cabinet whose members speak with one voice, remain partners in the political process, and work towards reconciliation. He noted, however, that the smaller political parties may lose currently held ministries in the downsizing.

Tawafaq Return

13. (S) Maliki expressed hope that this reshuffling would provide an opportunity for the Tawafaq party to return to the government. He described the ongoing negotiations noting he had already acted to extend government pensions to ministers

that Tawafaq would not reappoint. The Ambassador urged the PM to meet Hashimi half way in his requests. Both sides would need to compromise.

¶14. (S) Maliki noted that former PM Allawi's Iraqiyya party also wanted to rejoin the government but was demanding that he fire two ministers who had remained in the cabinet after Allawi ordered their resignation. But even on this issue Maliki left the door open, saying he did not consider the loss of ministerial posts during a Cabinet reduction a "dismissal".

¶15. (S) In response, the Ambassador urged Maliki to use performance criteria as the primary basis for keeping current ministers in a new cabinet. Maliki concurred, but added once again that loyalty of the two Iraqiyya ministers to their country--over partisan politics--would be considered an extenuating circumstance. When the Ambassador asked if Maliki and the Minister for Communications, Muhammad Allawi, had met on this issue, the Prime Minister said yes and revealed his belief that family pressures--not politics--were the primary reason Allawi boycotted the government.

Pending Legislation

¶16. (S) Turning to the Provincial Powers Law currently under consideration by the Council of Representatives (CoR), Maliki said he believed one of the two competing bills would pass and subsequently pave the way for new provincial elections. He stated that the biggest obstacle to passage was disagreement among the Shia parties, some of whom feared a return of a strong central government like that of Saddam Hussein, while others wanted more control over Provincial Governors and their security forces.

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¶17. (S) Agreeing the law could soon generate new provincial elections, General Petraeus urged Maliki to press the parliament on the issue. He stressed that this law would give hope to new political forces in the provinces which had courageously faced down Al-Qaeda and other militia groups. These people, he added, now wanted a voice in their own local government. General Petraeus asked Maliki if he would compromise on the ability of the PM to fire a governor if the provinces compromised on their desire for the governor to be able to control federal security forces in an emergency. Maliki replied only that he did not want a return to a Saddam-like central government.

¶18. (S) Regarding the Accountability and Justice (de-Baathification) Law, the Ambassador recalled the strong endorsement given it by Secretary Rice during her recent visit. He emphasized the Secretary's desire that this completed legislation move quickly through the Executive Council into law. Maliki agreed and noted the next meeting of the Council was Monday, January 21.

¶19. (S) The Ambassador also expressed his belief that the pending Hydrocarbon Law would be the toughest legislative issue of the three and would require high-level Iraqi government attention to move it forward in the CoR. He noted that Under Secretary Jeffrey had come to Iraq to encourage progress and asked whether it was time for the Prime Minister to make a strong public statement endorsing its provisions.

¶10. (S) Maliki agreed the hydrocarbon legislation was a complicated issue, and he blamed the parliamentary delay on the Kurdish parties. Rather than make a statement himself, he proposed waiting for President Talibani who, as a Kurd, would be in a better position to influence his political allies. Maliki added that Talibani had assured him that the KRG had agreed to freeze their demands for changes in the law and stop signing new contracts.

Concerned Local Citizens (CLCs)

¶11. (S) Ambassador Crocker thanked the Prime Minister for his assistance in the hiring of CLC members into Iraqi Security Forces (ISF) and other local security units. The Ambassador also acknowledged these security forces could not absorb all the CLC personnel. He urged Maliki to concentrate on creating alternative jobs in the civilian sector. General Petraeus added that the infusion of about a billion dollars into the program now, coupled with a public announcement, would be a very positive step until the jobs creation processes caught up.

¶12. (S) Although Prime Minister Maliki expressed his strong support for the program, he proposed starting with the \$300 million USG-GOI matching funds which have been previously identified. He remarked that his staff was already considering options like job training centers, small business loans, and civil service employment. He agreed to solicit additional ideas from USG counterparts.

Baghdad Security

¶13. (S) General Petraeus gave the Prime Minister a brief overview of Baghdad security issues, describing extensive combat operations against Al-Qaida (AQI) in the South, noting that no civilians had been seriously injured or killed. Acknowledging media reports regarding the large number of coalition aircraft bombing missions, General Petraeus said they successfully targeted large numbers of hidden improvised explosive devices (IEDs), which had produced some secondary explosions. He reported that Coalition Forces (CF) had also discovered, and were in the process of clearing, a large number of AQI bunkers to the southwest of Samarra. Turning to Sadr City, General Petraeus reported that Jaysh al-Mahdi Special Group (JAM-SG) leaders were infiltrating back into the densely populated Shia neighborhoods but that additional Interior Ministry checkpoints around the area had reduced the number of IED attacks there.

¶14. (S) Maliki thanked General Petraeus for the update and expressed hope that newly trained Iraqi units--which Maliki had personally observed--would be able to assume security

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duties in Sadr City. National Security Advisor Rubaie wondered if the CF could share the intelligence data on the JAM-SG leaders who had returned. Maliki added that many Sadrist were now providing the ISF with additional intelligence. Maliki said it was desirable for Iraqi security forces to arrest these individuals with a minimum disruption to the local community.

¶15. (S) General Petraeus reminded NSA Rubaie that he already possessed most of the CF intelligence available on these individuals but offered to provide an additional briefing detailing their transit routes from the Iranian border to Baghdad.

Makhmour Refugee Camp

¶16. (S) Rounding out the meeting, General Petraeus highlighted the recent visit of Turkish Deputy Chief of Staff General Saygun to MNF-I headquarters. General Petraeus said he had urged the Turkish Deputy to carry back a message for the GOT to pursue a diplomatic solution to the Makhmour Refugee Camp, perhaps through the UNHCR. General Petraeus said it would be useful if the Prime Minister could press UNAMI to use whatever influence it had on UNHCR. Maliki shrugged his shoulders and lamented that when the GOI last broached the subject of negotiations with the GOT, the Turks told him "it's our business but we'll think about your offer."

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